

**Supplemental Reporting Document
Table of Contents
October 2005 Investment Committee Meeting
(August 2005 Reporting Period)**

Chief Investment Officer's/Assistant Executive Officer's Report

Asset Allocation

Performance

California Investments

Status Report

Disclosure of Closed Session Action Items

TARGET PERCENTAGE COMPARISON ASSET ALLOCATION¹

As of August 31, 2005

(A) <u>Asset Class</u>	(B) <u>Market Value</u> (\$ Billion)	(C) <u>Current</u> <u>Allocation</u>	(D) <u>Target</u>	(E) <u>Macro</u> <u>Ranges</u>	(F) <u>Difference</u> <u>(C-D)</u>
Total Cash Equivalents	1.2	0.6 %	0.0 %		0.6 %
Total Global Fixed Income	51.3	26.2	26.0	21-31 %	0.2
Equities					
Domestic ²	78.3	40.0	40.0		0.0
International	44.7	22.8	20.0		2.8
AIM: Direct/Partnership	<u>9.4</u>	<u>4.8</u>	<u>6.0</u>	3-9 %	<u>-1.2</u>
Total Equities	132.4	67.6	66.0	61-71 %	1.6
Total Real Estate	11.1	5.6	8.0	4-12 %	-2.4
Total Equities & Real Estate	143.5	73.2	74.0		-0.8
Total Fund	<u>196.0</u>	<u>100.0 %</u>	<u>100.0 %</u>		

¹ As allocated to managers.

² Included is MDP Investment: LM Capital Investment: Total Market Value=\$181.2M.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

TARGET DOLLAR COMPARISON
ASSET ALLOCATION
As of August 31, 2005

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Market Value (\$ Billion)</u>	<u>New Policy¹ (\$ Billion)</u>	<u>Difference (D-C) (\$ Billion)</u>
Total Cash Equivalents	0.6 %	1.2	0.0	-1.2
Total Global Fixed Income	26.2	51.3	50.9	-0.3
Equities				
Domestic ²	40.0	78.3	78.4	0.1
International	22.8	44.7	39.2	-5.5
AIM: Direct/Partnership	<u>4.8</u>	<u>9.4</u>	<u>11.8</u>	<u>2.3</u>
Total Equities	67.6	132.4	129.3	-3.1
Total Real Estate	5.6	11.1	15.7	4.6
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	73.2	143.5	145.0	1.5
	<hr/>	<hr/>	<hr/>	
Total Fund	<u><u>100.0 %</u></u>	<u><u>196.0</u></u>	<u><u>196.0</u></u>	

¹ New Policy: Strategic asset allocation targets effective January 1, 2005.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$181.2M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

MONTHLY PROGRESS REPORT

ASSET ALLOCATION¹

As of August 31, 2005

(A)	(B)	(C)	(D)	(E)
<u>Asset Class</u>	<u>7/31/2005 Market Value (\$ Billion)</u>	<u>8/31/2005 Market Value (\$ Billion)</u>	<u>Difference (C-B) (\$ Billion)</u>	<u>Target (\$ Billion)</u>
Total Cash Equivalents	1.7	1.2	-0.6	0.0
Total Global Fixed Income	49.8	51.3	1.4	50.9
Equities				
Domestic ²	79.0	78.3	-0.7	78.4
International	43.7	44.7	1.0	39.2
AIM: Direct/Partnership	<u>9.2</u>	<u>9.4</u>	<u>0.2</u>	<u>11.8</u>
Total Equities	131.9	132.4	0.5	129.3
Total Real Estate	11.1	11.1	0.0	15.7
	<hr/>	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	143.0	143.5	0.5	145.0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>194.6</u></u>	<u><u>196.0</u></u>	1.4	<u><u>196.0</u></u>

¹ Monthly progress report toward new policy targets.

² Included is MDP Investment: LM Capital Investment: Total Market Value=**\$181.2M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

BOOK VS MARKET VALUE

As of August 31, 2005

(A) <u>Asset Class</u>	(B) <u>Book Value</u> (\$ Billion)	(C) <u>Market Value</u> (\$ Billion)	(D) <u>Difference (C - B)</u> (\$ Billion)
Total Cash Equivalents	1.2	1.2	0.0
Total Global Fixed Income	49.6	51.3	1.7
Equities			
Domestic ¹	46.0	78.3	32.3
International	34.3	44.7	10.4
AIM: Direct/Partnership	<u>11.3</u>	<u>9.4</u>	<u>-1.9</u>
Total Equities	91.7	132.4	40.8
Total Real Estate	7.8	11.1	3.3
	<hr/>	<hr/>	<hr/>
Total Equities & Real Estate	99.5	143.5	44.0
	<hr/>	<hr/>	<hr/>
Total Fund	<u><u>150.2</u></u>	<u><u>196.0</u></u>	45.8

¹ Included is MDP Investment- LM Capital Investment: Total Book Value=~~\$179.7M~~, Total Market Value=~~\$181.2M~~.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

When summing net amounts on this report, there may be breakage.

GROSS PERFORMANCE VS EXPECTED RETURNS

One Year

September 1, 2004 to August 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.6 %	2.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total Global Fixed Income	26.2	7.6	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.0	15.1	9.6	17.0	-7.4 - 26.6
International	22.8	27.6	9.1	19.5	-10.4 - 28.6
AIM:Total	<u>4.8</u>	<u>20.6</u>	13.5	30.0	-16.5 - 43.5
Total Equities	67.6	19.3			
Total Real Estate	5.6	39.6	8.5	14.0	-5.5 - 22.5
Total Fund	<u>100.0</u>	<u>17.2</u>	<u>8.8</u>	<u>12.2</u>	<u>-3.4 - 21.0</u>

¹ Asset Allocation Workshop, October 2004

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.

When summing net amounts on this report, there may be breakage.

NET PERFORMANCE VS EXPECTED RETURNS

One Year
September 1, 2004 to August 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
<u>Asset Class</u>	<u>Current Allocation</u>	<u>Asset Return</u>	<u>CalPERS Long-Term Expected Annual Return¹</u>	<u>Expected Standard Deviation</u>	<u>One Standard Deviation Range</u>
Total Cash Equivalents	0.6 %	2.6 %	5.2 %	1.1 %	4.1 - 6.3 %
Total Global Fixed Income	26.2	7.6	6.1	8.0	-1.9 - 14.1
Equities					
Domestic	40.0	15.0	9.6	17.0	-7.4 - 26.6
International	22.8	27.5	9.1	19.5	-10.4 - 28.6
AIM:Total	4.8	20.6	13.5	30.0	-16.5 - 43.5
Total Equities	67.6	19.3			
Total Real Estate	5.6	31.7	8.5	14.0	-5.5 - 22.5
Total Fund	100.0	16.7	8.8	12.2	-3.4 - 21.0

¹ Asset Allocation Workshop, October 2004

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values.
When summing net amounts on this report, there may be breakage.

GROSS RETURNS

One Year

September 1, 2004 to August 31, 2005

	(A)	(B)	(C)
<u>Asset Classes</u>	<u>Reported Gross Return</u>	<u>Expenses¹ (Percent)</u>	<u>Net Return (A-B)</u>
Total Cash Equivalents	2.56%	0.00%	2.56%
Total Global Fixed Income	7.58%	0.02%	7.56%
Equities			
Domestic	15.06%	0.02%	15.04%
International	27.58%	0.08%	27.50%
AIM Total	<u>20.61%</u>	<u>0.00%</u>	<u>20.61%</u>
Total Equities	19.30%	0.05%	19.25%
Total Real Estate	39.62%	7.89%	31.73%
	<hr/>	<hr/>	<hr/>
Total Fund	17.16%	0.46%	16.70%

¹ Does not include Real Estate Advisor Fees or External Equity and Fixed Income manager base fees which are already netted out of return. Does include AIM Partnership and Direct Component fees.

CALPERS INVESTMENT IN CALIFORNIA as of August 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Real Estate - Mortgages					
AFL-CIO (HIT)	100.4	N/A	62.5	62	Union related mortgage fund
CA Community Mortgage Fund	35.0	35.0	35.0	100	Small commercial and multi-family residential mortgages to economically targeted areas
Commercial (Whole Loans/MBS)	700.4	739.2	739.2	N/A	Commercial whole loans, mortgage backed securities and Great Northern program.
Member Home Loan Program	1,313.3	N/A	N/A	N/A	Housing loans for PERS members (includes \$.89 mill of single family MBS)
Ullico	<u>17.4</u>	<u>17.4</u>	<u>17.4</u>	<u>100</u>	No new additional commitments will be issued as of 3/27/98. All commitments issued.
Subtotal	2,166.4	791.6	854.1	39 %	
Core Portfolio					
AFL-CIO (BIT)	115.6	N/A	23.1	20	Union related mortgage funds
CORE - Equity	4,938.6	2,381.1	2,381.1	48	CORE Equity programs
PREES- REITS	442.	218.9	218.9	50	Public companies
Non-Core Portfolio					
Catellus	234.1	161.7	161.7	69	Public company
Senior Housing	188.9	64.5	64.5	34	\$200m program approved in 6/00 by Investment Committee, approximately 15-20% of which will be CA based. Program to acquire/develop senior housing facilities throughout the United States. Leverage up to 65% loan to portfolio value for company level distributions. 65% top be used on all acquisition/development going forward.
California Urban Real Estate- (CURE)					
Pacific City Homes	56.9	100.0	56.9	100	Approved 6/01, pending final contract execution, CityHome Partners will focus on developing affordable, for sale, single-family residential communities in urban infill locations throughout California.
Bridge	32.4	100.0	32.4	100	Approved 6/00 by Investment Committee, contract finalized 1/01. Program focusing on early phase capital for the development of affordable housing in urban California. Subsequent to 09/30/02, Bridge invested approximately 11.9 million in the CURE program.
Buchanan Urban Investors	83.9	350.0	83.9	100	Buchanan Urban Investors provides financing for multifamily, industrial, retail, office, mixed use, and storage facilities in urban
CalSmart	100.3	410.0	100.3	100	Program for a broad variety of urban infill development/redevelopment throughout California.
Capri Capital Partners	35.5	60.0	35.5	100	Approved in 06/01 by the Investment Committee. Capri's focus is promoting mezzanine debt for multi-family projects. Subsequent to 09/30/02, Capri invested approximately \$3.9 million in the CURE program.
CIM	189.7	405.0	189.7	100	Approved 6/00 by Investment Committee, contract executed 12/01/00. Program for urban development of street retail and mixed use development/redevelopment properties.
CUIP	237.8	N/A	237.8	100	Urban Infill Investments in California urban areas
Institutional Housing Partners IV	6.5	40.0	6.5	100	Approved in 6/01, IHP will focus on equity investments (development and redevelopment properties) for commercial and multi-family residential and mixed-use projects in infill locations throughout California.
Kennedy Office Development	37.4	150.0	37.4	100	Approved 6/00 by Investment Committee. Program for development/redevelopment of urban office, office r&d and industrial properties
Klein Financial Corporation JV	1.8	50.0	1.8	100	CURE-Affordable Multifamily Housing/ 60% Leverage
Legacy Partners	11.3	70.0	11.3	100	CURE-Affordable Multifamily Housing/ 60% Leverage
R Street Residential	18.0	N/A	18.0	100	
Housing					
Acquisition & Development	25.7	25.7	25.7	100	California land acquisition & development program
National Housing	1,497.8	447.9	447.9	30	Program updated as of 10/99. Single family housing/land development nationwide with emphasis on California.
Single Family Housing	54.3	54.3	54.3	100	California Single Family Housing program

CALPERS INVESTMENT IN CALIFORNIA as of August 31, 2005

(A)	(B)	(C)	(D)	(E)	(F)
				CA Investment as % of Asset Class (D/B)	
<u>Asset Class</u>	<u>Portfolio Value (\$ millions)</u>	<u>California (Commitment/ Investments)¹ (\$ millions)</u>	<u>California Investments (\$ millions)</u>	<u>%</u>	<u>Program Description or Assumption</u>
Technology					
Technology	552.5	200.0	96.9	18	\$500m program approved in 05/00 by Investment Committee, approximately 30-40% of which will be California based. Contract finalization in 02/01. Program designed to benefit from convergence of real estate and technology. Subsequent to 09/30/02, GIP invested \$37 million in the technology program.
Natural Resources					
Agricultural	118.	92.1	69.1	59	Pacific Vineyard Partners will acquire and develop vineyards for high end wineries. The program will sell off the developed land to interested parties upon full maturity of the vineyards, approximately 7 years. Leverage max 35% loan to portfolio value.
Timber	137.4	N/A	N/A	N/A	Timber holdings in conjunction with advisory firms throughout the United States. Up to 40% approved at the discretion of SIO. Most likely will use 35% leverage on all acquisition/development. Up to 25% loan to portfolio value for company level debt, policy allows for up to 40%. Most likely will use 20-25% leverage going forward.
Opportunistic					
DIVCO West	2.0	13.4	1.9	N/A	Opportunity Fund FUND focused on buying distressed high-tech Silicon Valley properties for releasing and repositioning.
Other Opportunistic Real Estate	115.1	N/A	N/A	N/A	
International					
International Real Estate	328.8	N/A	N/A	N/A	International real estate.
Subtotal	<u>9,562.2</u>	<u>5,394.5</u>	<u>4,356.5</u>	<u>46</u> %	Real estate commitment values
SW6KRE - CORE MV Adjustment	2,113.1				
SW8KRE - SPECIALIZED MV Adjustment	<u>-622.3</u>				
Total Real Estate	13,219.5	6,186.1	5,210.5	39 %	
AIM: Partnership Component	9,415.4	1,900.0	1,400.0	15	Includes commitments through August 31, 2005
Domestic Equity	78,296.9	10,178.6	10,178.6	13	CA investment assumed to be 13% of total portfolio value
International Equity	<u>44,736.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Equities	<u>132,448.4</u>	<u>12,078.6</u>	<u>11,578.6</u>	<u>9</u> %	
Total Real Estate & Equities	145,667.9	18,264.7	16,789.1	12 %	Of total portfolio CA investments in real estate & equities: 8.6%
Cash Equivalents	1,168.0	0.0	0.0	0	On deposit at the Treasurer's Office: \$808.21
Domestic Fixed Income					
Corporate Bonds	20,688.3	382.7	382.7	2	Companies headquartered in CA
Mortgage Pass-Throughs/CMOs	13,843.6	2,539.9	2,539.9	18	CA investment assumed to be 10% GNMA; 20% FNMA; 20% FHLMC; 20% CMO.
External Managed	639.4	0.0	0.0	0	
Treasury Bonds	<u>8,322.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Subtotal	43,493.4	2,922.6	2,922.6	7 %	
International Fixed Income	<u>5,622.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0</u>	
Total Global Fixed Income	49,115.4	2,922.6	2,922.6	6 %	
TOTAL	<u>195,951.3</u> =====	<u>21,187.3</u> =====	<u>19,711.7</u> =====	<u>10</u> % =====	Outstanding commitments (column E/column C): 10.8%

¹ Total actual investments at market value and outstanding program commitments in California

INVESTMENT OPERATIONS
Status Report

Program	Status/Comments
Master Custody Services RFP Status	The Master Custody Services RFP was posted on August 15, 2005. The proposal deadline was October 5, 2005. Announcement of Master Custodian selection to the Investment Committee is scheduled for December 12, 2005.
Diversity Workshop	The workshop is scheduled for November 14, 2005 from 9:00-12:00 Noon.
Consultant Conflict of Interest Protocol	Letters to all consultants advising them of the new protocol and seeking follow-up information were mailed on July 18, 2005. Follow-up letters to those who have not yet responded were sent on September 26, 2005.

Investment Committee
October 17, 2005

OPEN SESSION
Chief Investment Officer's / Assistant Executive Officer's Report
DISCLOSURE OF CLOSED SESSION ACTION ITEMS

Investment Committee Meeting	Agenda Item	Investment Committee Action	Vote
Closed March 14, 2005	Real Estate – Non-Core GI Partners Fund II	Approval to invest \$500 million in GI Partners Fund II. The investment will be subject to final due diligence and the successful negotiation of terms and conditions.	Roll Call Vote: YES – Alvarado, Berte, Brown, Carlson, Diehr, Eliopoulos, Feckner, Navarro, Valdes ABSTAIN – Symonds